



## **CITY OF WICHITA FALLS INTER-OFFICE MEMORANDUM**

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Darron J. Leiker, City Manager

**DATE:** October 1, 2017

**SUBJECT:** 2017-18 Adopted Budget Message

---

Each year, the City administrative staff prepares a preliminary budget that is submitted to the City Council for its review. The City budget process provides the City Council an opportunity to consider and adopt a budget that serves as the financial guide for the work and service programs for the ensuing fiscal year operation. This annual operating budget, as adopted by the City Council, covers the fiscal period beginning October 1, 2017 and ending September 30, 2018.

### **BUDGET PREPARATION PROCESS**

The process for developing the budget that is presented to the City Council by the City Manager begins in late March. At that time, all of the City Departments and Divisions send representatives to a budget kick-off meeting to discuss the budget process. Staff is presented information on the revenue status of the organization and any unusual or large changes in expected expenditure requirements. The overall economic condition of the area, the city, and the organization is discussed.

Each department receives necessary materials and information to formulate respective department budgets. For the next several weeks, the various departmental budgets are formulated separately. Every department head is encouraged to prepare a funding request that is necessary to finance normal operations and to give consideration to areas that would address strategic goals of the City.

After compilation of the departmental budget requests, the budget staff and I met with department heads to discuss the budget requests in detail and to begin developing priorities. These budget hearings with the department heads identified major revenue and expenditure issues that would ultimately require City Council consideration. At the conclusion of these departmental hearings, the budget and management staff scheduled additional meetings with department directors to analyze each budget request on a line-item basis. It is important to note, that during these detailed work

sessions, a total of \$5.7 million in budget cuts were made to the departmental requests. Once these adjustments were made, the overall revenue and expenditure picture of all the operating funds of the City organization started getting clearer.

At this point in the process, a workshop was conducted with the City Council to discuss major revenue and expenditure trends and significant issues that surfaced during the early stages of the budget process. This year, the workshop with the City Council was conducted on July 5<sup>th</sup>. At this workshop, City Council was presented with operating revenue and expenditure issues that were expected to surface as the major budgetary considerations for the next fiscal year. The Council was made aware that revenues in the General Fund were showing slight improvement from the property tax, based on the estimated property tax roll submitted by the Wichita County Appraisal District, but sales tax receipts were virtually flat when compared to the prior year. Additionally, the Council was provided with information about the City's pay and benefit programs and how we compare with programs of several other benchmark cities. Staff also explained that our fund balance in the General Fund was slightly below desired levels, while other funds were at desirable levels. At the conclusion of the workshop, the City Council was asked to provide feedback on the items discussed in the workshop. That feedback was given consideration when formulating the preliminary operating budget. The preliminary budget was then discussed at City Council budget hearings, public hearings were conducted, and ultimately the City Council adopted the budget on September 19, 2017.

In addition to this annual operating budget, which identifies the budgetary requirements to operate the City organization for one fiscal year, staff prepares a Capital Improvement Plan (CIP) that focuses on the capital budgeting needs over a multi-year basis. In developing a CIP, department heads are asked to include requests for capital improvement projects that may be required over the next five years. In the CIP that has been prepared by the staff, capital improvements are defined as tangible equipment items, one-time projects or large maintenance projects. The benchmark established for a request to be included in the CIP is that the total cost of the request must exceed \$25,000. The objective of that process is to develop a planning tool that identifies large tangible projects that may be needed in the next five years and to identify potential funding sources to finance those projects.

It should be noted that many of the projects listed in the later years of the CIP may require long term debt financing to actually generate the funds necessary to accomplish those projects. Such debt financing, if approved, could have consequences on the property tax rate and/or other service charges to repay that debt. Therefore, although these projects are included in the five year CIP, they will require future financial decisions of the City Council before they can be accomplished. The 2018-2022 CIP that has been approved by the City Council is a separate document from the Annual Operating Budget, but was also adopted by the City Council in September. It is also important to note, that when the City Council adopts the Five-Year CIP, only the projects outlined in the 2017-18 fiscal year have committed funding sources and the projects listed in the later years of the document are identified for planning purposes only. The projects identified in the 2017-18 fiscal year are largely routine capital equipment replacement projects. However, later this Fall, the staff plans to begin a more in-depth review of major capital improvement projects that begin to address the City Council's recently adopted strategic goal of "Providing Adequate Infrastructure".

The results of that work will be included in next year's CIP with a financial plan to pay for these improvements.

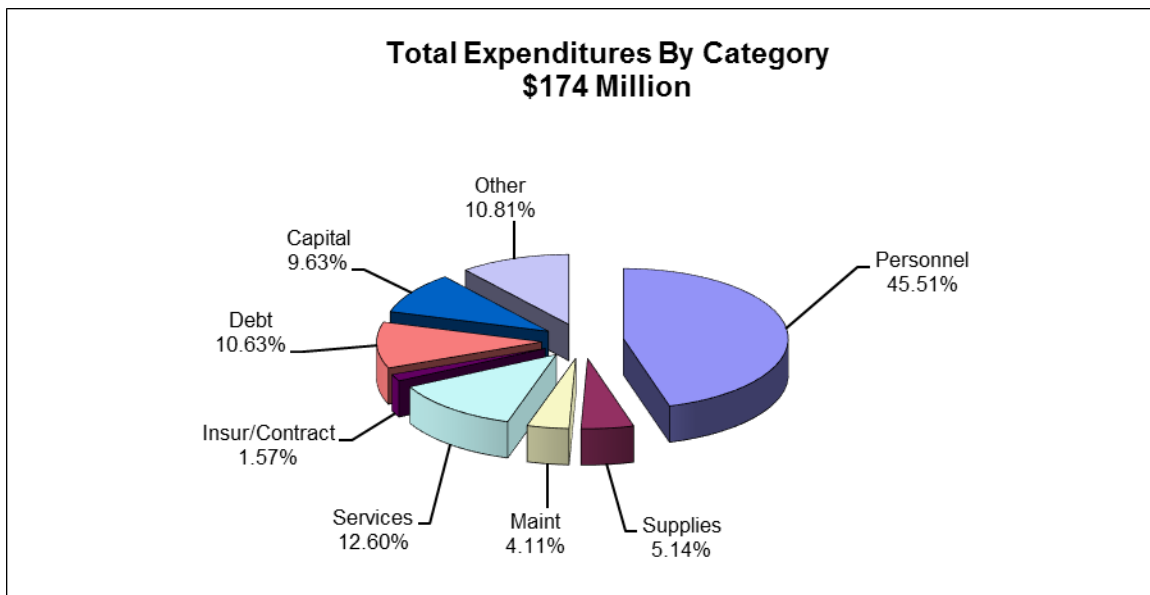
In this budget message, I have attempted to highlight the major revenue and expenditure issues for the City over this next fiscal year.

### **TOTAL EXPENDITURE BUDGET OVERVIEW**

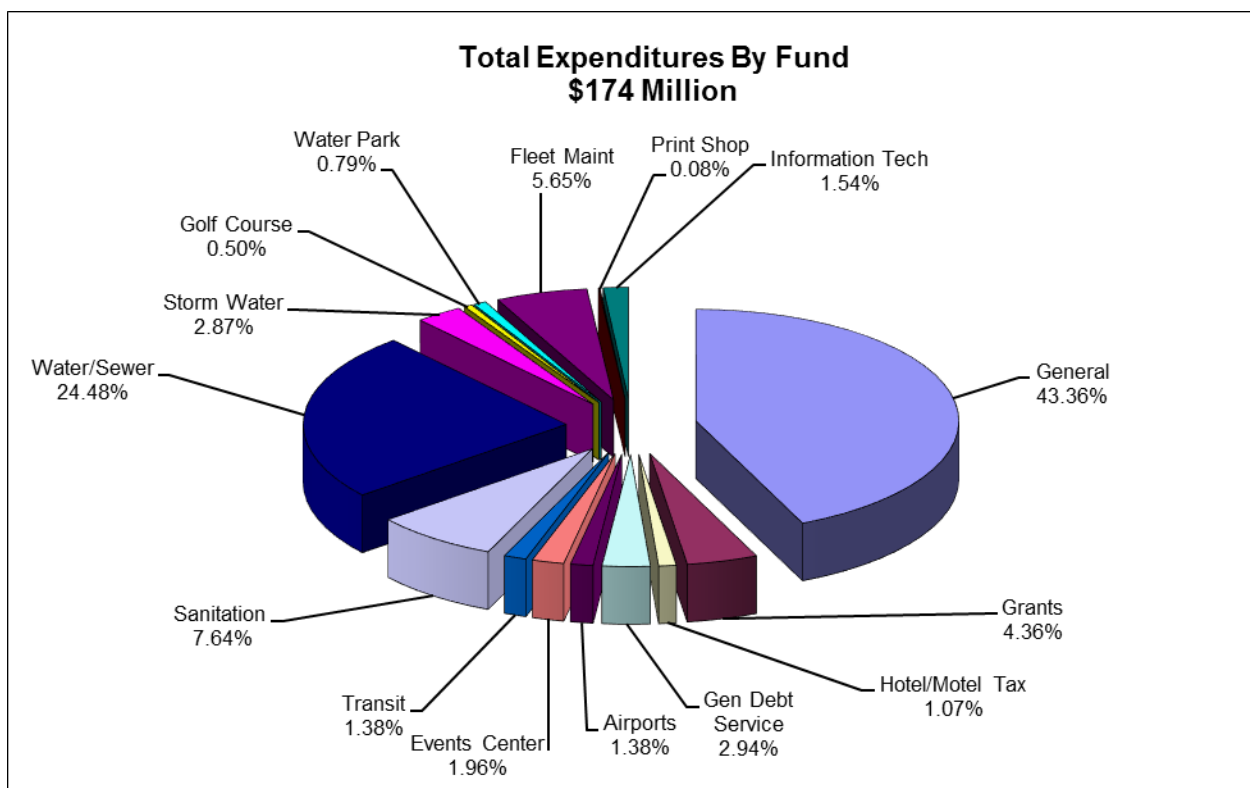
The total City budget for the 2017-18 fiscal year is \$173,993,029, which is an increase of \$6,300,066, or 3.76% from the 2016-17 adopted budget. The table below compares total expenditures by category of the 2017-18 Budget to the 2016-17 Adopted Budget. More details will be provided in the following sections about the primary causes for this change, but as noted below, the largest area of increase is reflected in Capital Outlay principally because the 2017-18 budget includes funding for Phase II of the Kemp/Monroe Drainage Project. The large increase in the Other Uses Category can be attributed to a larger transfer of operating funds from the Water/Sewer Fund to the General Fund for its "franchise fee" that the Water/Sewer Fund pays for use of the City's right-of-ways, and to recognize a full annual capital lease payment for the Advanced Metering Infrastructure Project. Another notable increase is shown in the Services Category, which is due principally to higher Central Garage Support Services and a major shift in how costs are accounted for the Multi-Purpose Events Center (MPEC). In the prior budget, costs for MPEC were accounted for throughout various operational expenditure line items. In the 2017-18 budget, costs for MPEC are primarily shown in a professional services account now that those operations have been privatized through a management services agreement with Spectra Venue Management. Lastly, the increase in the Supply Account is primarily due to additional water treatment chemicals that will be needed for the new Indirect Potable Reuse Project, and to address algae blooms in our lakes that, at times, affects the taste and odor of the treated water.

<b>Total Budget Expenditures</b>				
<b>Category</b>	<b>2016-17 Budget</b>	<b>2017-18 Budget</b>	<b>Amount Change</b>	<b>% Change</b>
Personnel	\$ 79,491,428	\$ 79,162,680	\$ (328,748)	-0.41%
Supplies	\$ 8,305,126	\$ 8,945,195	\$ 640,069	7.71%
Maintenance	\$ 7,196,453	\$ 7,155,996	\$ (40,457)	-0.56%
Services	\$ 20,571,717	\$ 21,931,442	\$ 1,359,725	6.61%
Insurance/Contracts	\$ 2,522,239	\$ 2,740,029	\$ 217,790	8.63%
Debt Service	\$ 18,370,410	\$ 18,493,398	\$ 122,988	0.67%
Capital Outlay	\$ 14,027,879	\$ 16,757,333	\$ 2,729,454	19.46%
Other Uses	\$ 17,207,711	\$ 18,806,956	\$ 1,599,245	9.29%
<b>Total Expenditures</b>	<b>\$ 167,692,963</b>	<b>\$ 173,993,029</b>	<b>\$ 6,300,066</b>	<b>3.76%</b>

The following pie chart shows the same expenditures by major category, but as a percentage of the total budget. Personnel expenses make up the largest category of municipal spending at 45.51%. Services, such as utilities, professional services, and central garage charges make up the next largest spending category at 12.60%. Debt service payments on the City's outstanding bonds make up 10.63% of all spending.



The chart below shows the breakdown of the total budget by the City's various operating funds. As indicated in the chart, spending in the General Governmental Fund, Water/Sewer Fund and Sanitation Fund make up 75.48% of all City expenditures.

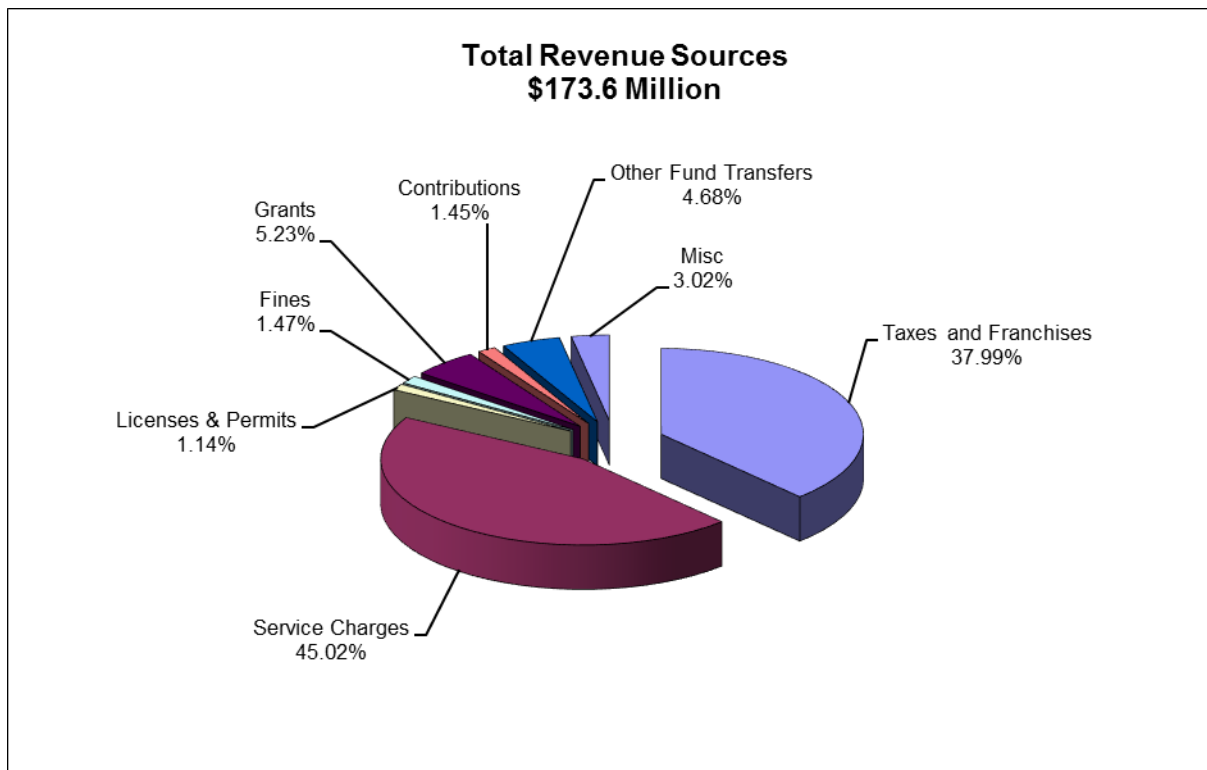


## TOTAL REVENUE BUDGET OVERVIEW

Total revenues for the 2017-18 budget, not including fund balance appropriations, are projected at \$173,599,627, which is an increase of \$2,442,178, or 1.43% from the 2016-17 adopted budget. The principal reasons for this change will be discussed in detail in the following sections. However, as indicated in the table below, Service Charges make up the largest portion of this increase because Central Garage Charges to the user departments have been raised to cover rising fuel and vehicle maintenance costs, and revenue from Water and Sewer Charges is projected to rise as water production increases slightly and the AMI System more accurately assesses water consumption. The increase in Taxes and Franchises is primarily due to modest growth in the property tax base and payments made from industries as payments-in-lieu of taxes. Finally, the majority of the increase in Other Fund Transfers is due to an increase in the “franchise fee” that the General Fund receives from the Water/Sewer Fund for its use of the City’s right-of-ways.

Total Budget Revenues				
Category	2016-17 Budget	2017-18 Budget	Amount Change	% Change
Taxes and Franchises	\$ 65,253,022	\$ 65,963,784	\$ 710,762	1.09%
Service Charges	\$ 76,921,623	\$ 78,170,177	\$ 1,248,554	1.62%
Licenses & Permits	\$ 2,071,985	\$ 1,973,904	\$ (98,081)	-4.73%
Fines	\$ 2,451,000	\$ 2,552,000	\$ 101,000	4.12%
Grants	\$ 9,160,140	\$ 9,071,353	\$ (88,787)	-0.97%
Contributions	\$ 2,532,600	\$ 2,509,557	\$ (23,043)	-0.91%
Miscellaneous Revenue	\$ 5,202,676	\$ 5,238,522	\$ 35,846	0.69%
Other Fund Transfers	\$ 7,564,403	\$ 8,120,330	\$ 555,927	7.35%
Total Revenue	\$ 171,157,449	\$ 173,599,627	\$ 2,442,178	1.43%

The chart below shows the breakdown of the City’s revenue sources by category. It is important to note that approximately 45% of all City revenue is derived through service charges such as water sales, sewer charges, refuse collection charges, storm water fees, and internal service charges. Also, 38% is derived from taxes and franchises such as property, sales, and hotel/motel taxes, and payments from ONCOR Electric, ATMOS Gas, Time Warner Cable, and various telecommunication providers.



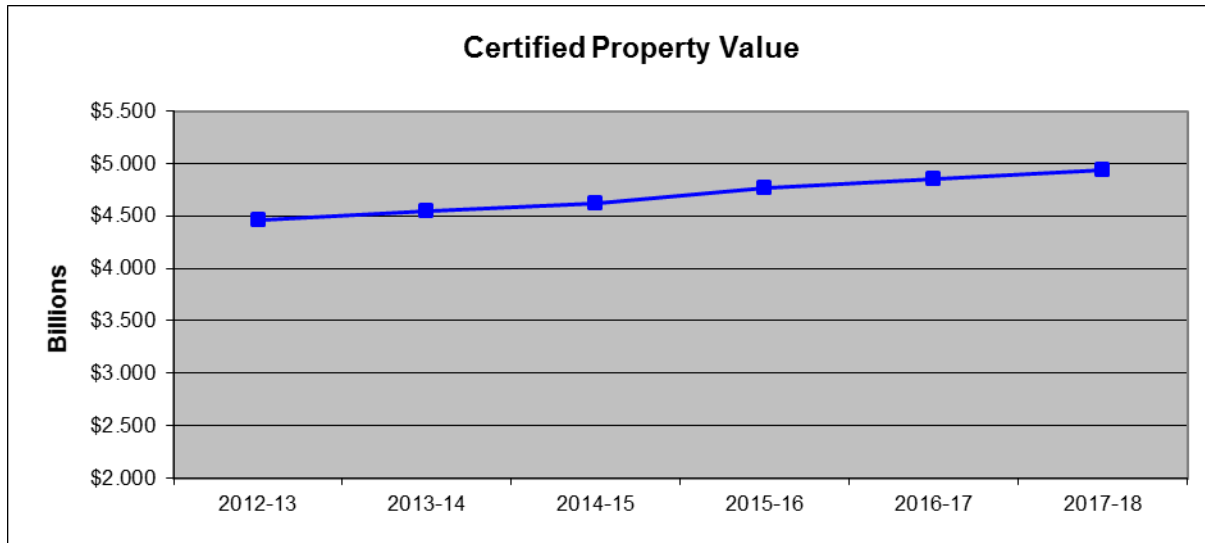
### GENERAL FUND REVENUES

General Fund Revenues, without reserve appropriations, total \$75,455,081, which is an increase of \$1,079,688, or 1.45% from the prior year adopted budget. Some of the primary changes in revenues, resulting in this increase are outlined in the table below.

General Fund Revenue				
Revenue Source	2016-17 Budget	2017-18 Budget	Amount Change	% Change
Property Tax	\$ 33,136,347	\$ 33,653,860	\$ 517,513	1.56%
Sales Tax	\$ 22,422,692	\$ 22,379,694	\$ (42,998)	-0.19%
Franchise Fees	\$ 6,325,404	\$ 6,163,497	\$ (161,907)	-2.56%
Payments In Lieu of Tax	\$ 989,141	\$ 1,099,024	\$ 109,883	11.11%
Municipal Court Fines	\$ 2,386,000	\$ 2,491,000	\$ 105,000	4.40%
Other Fund Transfers	\$ 4,645,978	\$ 5,207,736	\$ 561,758	12.09%
Building Permits	\$ 666,750	\$ 627,000	\$ (39,750)	-5.96%
Interest Earnings	\$ 87,500	\$ 186,000	\$ 98,500	112.57%
Other Misc Revenue	\$ 3,715,581	\$ 3,647,270	\$ (68,311)	-1.84%
<b>Total Revenue</b>	<b>\$ 74,375,393</b>	<b>\$ 75,455,081</b>	<b>\$ 1,079,688</b>	<b>1.45%</b>

**Property Tax Base:**

The Property Tax is the largest source of revenue in the General Fund and is relied upon heavily to provide general City services. The property tax base, as certified by the Wichita County Appraisal District, is \$4.94 billion, an increase of \$91.4 million, or 1.88% from the prior year. As indicated in the line graph and table below, over the last six years, the property tax base has grown only slightly, but fairly consistently. During that timeframe, the average annual growth rate in taxable property value has been 2.05%.

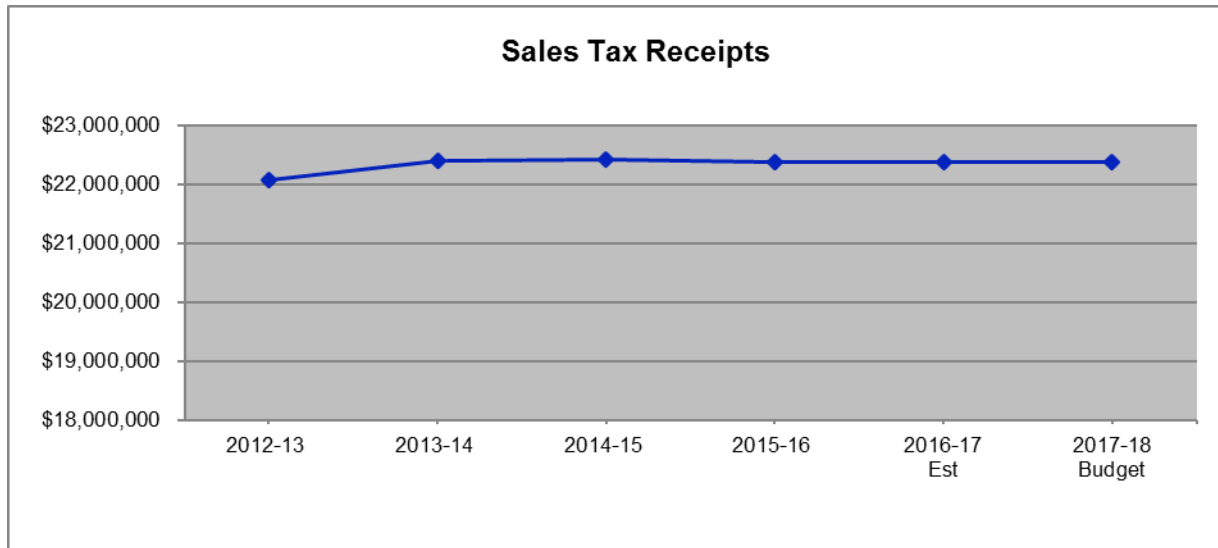


Certified Property Tax Values				
Fiscal Year	Taxable Value	Amount Change	% Change	Avg. Annual Change
2012-13	\$ 4,464,740,019			
2013-14	\$ 4,548,664,931	\$ 83,924,912	1.88%	
2014-15	\$ 4,620,465,472	\$ 71,800,541	1.58%	
2015-16	\$ 4,767,682,652	\$ 147,217,180	3.19%	
2016-17	\$ 4,850,260,964	\$ 82,578,312	1.73%	
2017-18	\$ 4,941,651,841	\$ 91,390,877	1.88%	
				2.05%

**Sales Tax Receipts:**

The Sales Tax is the second largest revenue source of the City's General Fund, and is also relied upon heavily to finance the City's general operations. The line graph below illustrates historical trends in sales tax receipts. As can be seen in the graph, the growth in this revenue source over the past six years has been minimal. The average annual increase in sales tax receipts for the City of Wichita Falls during this time has been 0.89%, compared to an average annual increase for cities statewide of 5.16%. In previous budgets, the revenue projection from sales tax included growth rates of 1-2% above the current year estimates. However, sales tax collections over the last three years have been extremely flat. Therefore, I cannot recommend that we continue to

use a growth rate for budgeting purposes. The budget applies the current year estimate of \$22,379,694, which is \$42,998, or 0.19% below the prior year adopted budget.

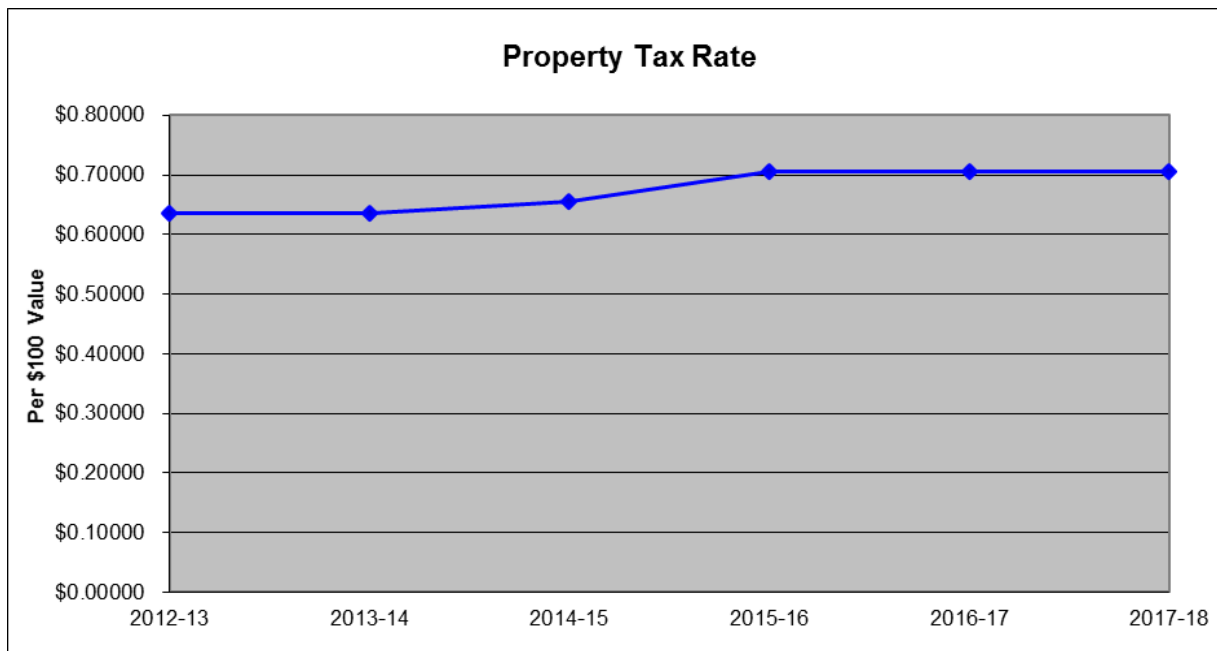


### **Property Tax Rate:**

With minimal growth in the property tax base and negligible growth in sales tax receipts, there has been added pressure over the last several budgets to raise the tax rate to address employee pay plans that had fallen behind peer cities. As a result, the City Council has approved two property tax rate increases over the last six years, resulting in an average annual increase of 2.13%. These tax rate increases have helped generate new revenue to address our lagging pay plans, but has caused our rate to be somewhat higher when compared to our benchmark cities. However, while our tax rate may be slightly on the higher side, our tax base ranks near the bottom, generally resulting in less per capita revenue to provide basic governmental services.

An argument could be made to increase the property tax rate in 2017-18 to address rising health care costs, increasing retirement contribution rates, and employee pay plans so that we remain competitive with our benchmark cities. However, because the tax rate was increased twice in the last three years and most City Council members did not indicate an appetite for increasing the tax rate, the budget maintains the existing tax rate of \$0.70598 per \$100 of assessed value. This rate is estimated to generate \$33,653,860 for General Fund operations, which is an increase of \$517,513 in additional property tax revenue for the General Fund during the 2017-18 fiscal year.





Property Tax Rate				
Fiscal Year	Tax Rate Per \$100 Of Value	Amount Change	% Change	Avg. Annual Change
2012-13	\$0.63526			
2013-14	\$0.63526	\$ -	0.00%	
2014-15	\$0.65526	\$ 0.02000	3.15%	
2015-16	\$0.70598	\$ 0.05072	7.74%	
2016-17	\$0.70598	\$ -	0.00%	
2017-18	\$0.70598	\$ -	0.00%	
				2.13%

### **Franchise Fees:**

The City receives payments from ONCOR Electric, ATMOS Gas, Time Warner Cable, and various telecommunication providers for the use of the City's right-of-ways for their distribution lines. This budget applies a three-year average of payments from ONCOR and ATMOS to arrive at the revenue projection for those franchises. The budgeted amount for Time Warner Cable is based on current year estimates, and the amount from telecommunication providers is based on the most recent number of access lines in our right-of-ways. When applying these forecasting methods, the budget includes \$6,163,497 from these franchises, which is a reduction of \$161,907, or 2.56% from the prior year.

### **Payments-In-Lieu of Taxes:**

The City receives payments-in-lieu of property taxes from a few industries that are located outside the city limits as part of non-annexation agreements. In exchange for a guarantee to remain outside the city limits and fire protection services, the industries

pay the City an amount based on a percentage of what they would have paid in property taxes had they been located inside the city limits. For the 2017-18 fiscal year, a few of the assessed property values of these industries have grown from the prior year, or the agreement calls for a higher percentage of payment to the City. As a result, this revenue source is projected at \$1,099,024, which is an increase of \$109,883 from the prior year.

**Municipal Court Fines:** The City uses a three-year average of municipal court fine collections in projecting revenues received at the Municipal Court. Due to recent increases in the number of tickets issued, this revenue source is projected to generate \$105,000, or 4.40% more revenue than the prior budget.

**Other Fund Transfers:** All non-General Fund operations receive administrative support from General Fund operations for such things as Finance and Accounting, Purchasing, Human Resources, Building Maintenance, Legal, City Clerk, and other General Administration. Each year, the cost of these support services is allocated to the user departments through an administrative overhead charge. As the costs for these services increase, and/or other non-General Fund operations use a higher percentage of these services, the administrative overhead charges received in the General Fund increase. Additionally, enterprise operations like the Water/Sewer System and Sanitation System make a payment to the General Fund for use of the City's right-of-way similar to franchise fees from a privately run company. These "franchise fees" are based on a percentage of gross receipts for the enterprise operation. This adopted budget increases the fee to the Water/Sewer Fund from 3% to 4% of gross receipts from water/sewer sales. Furthermore, the Sanitation Fund continues to make a payment of \$800,000 to the General Fund for the Street Overlay Program. In total, these internal assessments are \$5,207,736, which is an increase of \$561,758, or 12.09% from the prior budget.

**Building Permits:** The City charges for issuance of building permits for new building construction and major renovations. The amount of revenue generated from these permits has decreased over this past year. As a result, this revenue account shows a reduction of \$39,750, or 5.96% from the prior year.

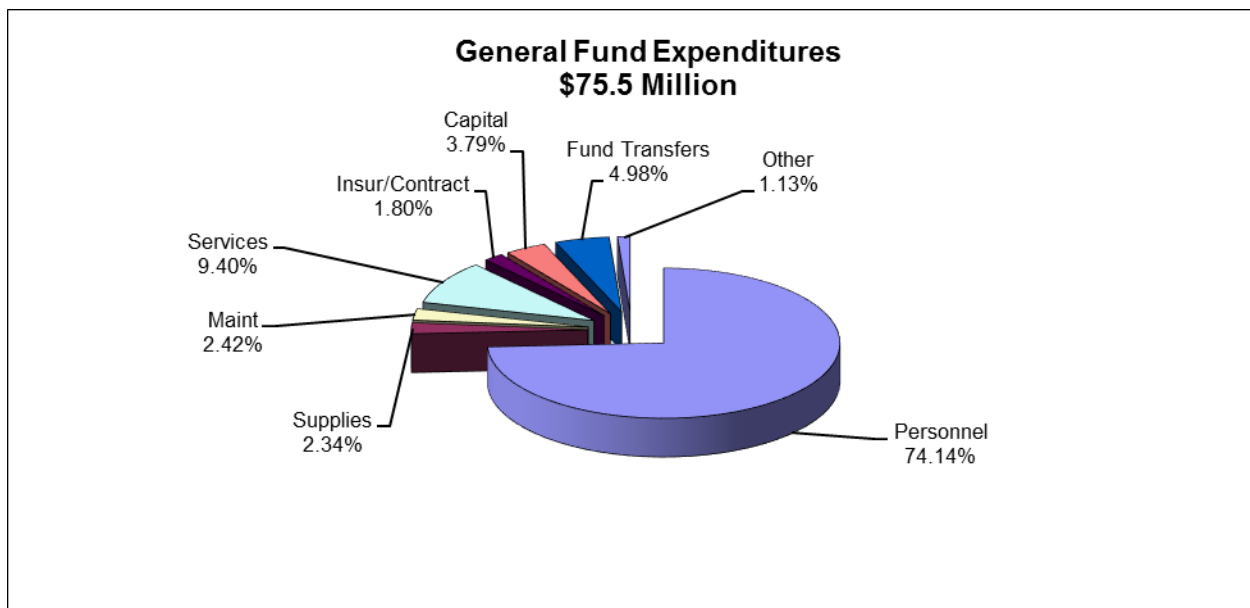
**Interest Earnings:** The City receives interest earnings from idle funds that are invested with local government investment pools. Over the last decade, interest rates on our investments dropped to less than 0.25%. Needless to say, these interest rates resulted in very little revenue for the City. However, lately we have seen these interest rates begin to rise and currently we are earning approximately 1.25%. As a result, the budget shows an increase in interest earnings to the General Fund of \$98,500.

**Miscellaneous Revenues:** There are three principal reasons that the Miscellaneous Revenue Category reflects a decrease of \$68,311, or 1.84% from the prior year adopted budget: (1) lower bids received for hunting leases at our lakes; (2) lower concessions made from tournament play at the softball complex; and (3) it is anticipated that less revenue will be received from the sale of City owned property.

## GENERAL FUND EXPENDITURES

Expenditures in the General Fund total \$75,455,081, an increase of \$1,079,688, or 1.45% from the 2016-17 adopted budget. Some of the major highlights of the General Fund Expenditure Budget are illustrated in the table and chart below and described in more detail over the next several sections.

General Fund Expenditures				
Expenditures	2016-17 Budget	2017-18 Budget	Amount Change	% Change
Personnel	\$ 54,864,728	\$ 55,947,786	\$ 1,083,058	1.97%
Supplies	\$ 1,756,890	\$ 1,762,467	\$ 5,577	0.32%
Maintenance	\$ 1,932,766	\$ 1,827,444	\$ (105,322)	-5.45%
Services	\$ 7,222,039	\$ 7,090,483	\$ (131,556)	-1.82%
Insur/Contracts	\$ 1,248,465	\$ 1,356,535	\$ 108,070	8.66%
Capital Improvements	\$ 2,848,365	\$ 2,856,383	\$ 8,018	0.28%
Other Fund Transfers	\$ 3,605,876	\$ 3,753,924	\$ 148,048	4.11%
Other Misc Expenditures	\$ 896,264	\$ 860,059	\$ (36,205)	-4.04%
<b>Total Expenditures</b>	<b>\$ 74,375,393</b>	<b>\$ 75,455,081</b>	<b>\$ 1,079,688</b>	<b>1.45%</b>



### **Personnel Expenses:**

As indicated in the chart above, the major expense in the General Fund is the cost of the personnel necessary to provide services to the community. The 2017-18 General Fund budget dedicates \$55,947,786, or 74.14% of total spending on personnel related expenses. Personnel expenses in the General Fund represent an increase of \$1,083,058, or 1.97% above the 2016-17 adopted budget.

### Pay Programs:

The City's goal for employee pay and benefit programs is to remain near the market average when compared to our peer cities and other competitors, after adjusting for differences in the cost of living between these cities. We do not want these programs to fall behind the market average, which would negatively affect our competitive position in the workforce, nor do we want to get ahead of these cities, which would result in unnecessary spending. However, over the last several years, the downturn in our local economy has made it difficult to remain competitive in these important areas of the City organization. In the 2014-15 and 2015-16 budgets, increases to the property tax rate were required to bring our employee pay programs more in line with the market average. In the 2016-17 budget, a total of 22 full-time equivalent positions were eliminated to allow for a 1.5% pay increase across all of the City's pay plans (cost-of-living). The latest survey information shows that although we have made up ground in this area from where we were three years ago, we are still lagging behind our peer cities by 2-6% in all areas of our pay plan. However, growth in our major revenue streams isn't sufficient to pay for a cost-of-living increase in the 2017-18, nor do I believe continuing to cut staffing is a prudent measure for the organization. As a result, this budget does not include a cost-of-living adjustment for our pay plans.

Merit/Step/Longevity/Stability Pay Programs: The budget does include funding to continue the merit and/or step pay program. This program is designed to reward existing employees for tenure and stability. All civil service police and firefighter positions receive an automatic 2% step pay increase for each additional year of service if they are not already topped out in their pay grade. All non-civil service employees receive a 2.5% merit pay adjustment on the anniversary of their hiring date if they satisfy minimum performance standards and are not at the top of their pay grade. This important program recognizes longevity and performance, and is an essential element of our pay plan. Without it, employees with long tenures and experience with the City would make the same pay as a newly hired employee in the same position classification with little or no experience. The program also serves as a tool to encourage improved job performance, as the merit pay adjustment can be deferred or withheld for unsatisfactory performance. The cost to the General Fund to maintain this program is approximately \$570,000. This program would cost more, but a large number of our civil-service employees, particularly Fire Department employees, are topped out.

The budget also includes funding to continue the longevity and stability pay for our employees. Longevity pay is paid to civil service police and firefighter positions for each year of service up to a maximum of \$3,200 per year after 15 years of service. Employees receive this pay in their paychecks throughout the year. Stability pay is paid to our non-civil service employees in the amount of \$138 per year after one year of service to a maximum of \$1,210 after five years of service. Stability pay is distributed to employees in December of each year. Both of these pay programs compare quite favorably to our benchmark cities. In total, the budget includes \$1,439,000 (\$840,000 for longevity and \$599,000 for stability) to continue these important pay plans for our employees.

The table below shows a history of pay plan adjustments that have been approved in the prior 10 budgets.

Pay Plan Adjustments		
Fiscal Year	Step Program	COLA Increase
2008-09	Yes	None
2009-10	No	None
2010-11	No	2.0%*
2011-12	Yes	1.0%*
2012-13	Yes	None
2013-14	Yes	None
2014-15	Yes	4.0%
2015-16		
Police	Yes	9.00%
Fire	Yes	7.00%
Civilian	Yes	1.00%
2016-17	Yes	1.50%
2017-18	Yes	None

Note: Asterisks indicate mid-year implementation.

Employee & Retiree Health Care: The General Fund also includes an additional \$239,000, or 3.88% more funding for the City's contribution to the Employee/Retiree Health Care Program. The cost for employee/retiree health care continues to rise at a fairly rapid pace compared to other expenditure categories. As a result, there is a need to increase City contributions in next year's budget to maintain health care benefits, at or near, the same benefits that are currently provided. The program offered is a very typical employee health care program, with \$1,000 to \$2,000 deductibles, average premiums and co-pays. However, our program does have fairly high out-of-pocket maximums. Currently, employee/retiree premiums make up about 30% of the cost for health claims and City contributions make up the remaining 70%. In total, the budget dedicates \$9,803,000 to this program. The Employee Benefit Trust Committee that is responsible for managing this program, also approved increases to employee/retiree premiums which take effect in January 2018.

Retirement Contributions: The City of Wichita Falls provides retirement benefits for all eligible employees, except firefighters, through the state-wide Texas Municipal Retirement System (TMRS). The City provides pension benefits for all of its firefighters through the Wichita Falls Firemen's Relief and Retirement Fund, which was adopted by the City's firefighters several decades ago. In total, the budget dedicates \$7,069,000 to retirement contributions for its employees. On an annual basis, the City is provided with an Annual Required Contribution amount from the TMRS that is needed to adequately fund the retirement program. That amount is stated as a percentage of gross payroll costs. At present, the percentage of payroll that is deposited into these funds is 12.54%. However, we were notified by TMRS that changes in the program have increased our required contribution rate to 12.83%. Typically, the City provides the

same contribution percentage to the Firemen's Pension unless the TMRS percentage falls below 12%, which is the minimum contribution amount allowed for our Firemen's Pension Program. As a result, the 2017-18 Budget increases the cost to the General Fund for retirement contributions by \$99,000 to maintain the same level of retirement benefits for our employees.

**Staffing Adjustments:** As mentioned above, the prior year budget eliminated 22 full-time equivalent positions in the General Fund to allow for a 1.5% cost-of-living adjustment. As indicated in the table below, the staffing levels for the 2017-18 budget have been held fairly constant. The General Fund Budget does include \$60,000 in additional funding to reclassify a vacant Planner II position to a Director of Community Development. This reorganization is intended to add more leadership and strength to the department that will be heavily involved in the City Council's strategic goals of downtown and neighborhood revitalization. There is also an increase of \$20,000 in the General Fund to reclassify the City's Director of Parks and Recreation to an Assistant City Manager position and upgrade a few supervisory positions in the Parks Department.

<b>General Fund Staffing Comparison</b>		
Department	2016-17	2017-18
Administrative Services	77.02	77.19
Health	46.40	47.10
Finance	8.70	8.70
Police	295.75	295.50
Fire	161.00	161.50
Parks/Recreation	86.47	85.83
Community Development	27.82	27.71
Traffic & Transportation	16.10	16.10
Public Works	70.97	70.97
Legal	6.00	6.00
City Clerk	2.00	1.75
Total	798.23	798.35

**Maintenance:**

Maintenance Accounts in the General Fund total \$1,827,444, which is a reduction of \$105,322, or 5.45% from the prior year adopted budget. Much of this reduction is due to lower building maintenance expenses. The prior budget included (1) \$406,000 to replace the roof at the Health Department; (2) \$76,100 to replace some failing HV/AC equipment and related software controls at the Memorial Auditorium, Library, Public Safety Training Center, and Health Department; and (3) \$70,400 to replace the carpet with rubber tile on the 2<sup>nd</sup> floor of the Library/Recreation Facility. The 2017-18 budget includes: (1) \$185,000 for continued work on Auditorium Structural Improvements and a Feasibility Study on the future improvements needed for the building; (2) \$127,200 to

make substantial repairs to the three elevators at the Library/Recreation Center that have exhausted their useful lives; (3) \$86,500 to make improvements at several fire stations including adding female restrooms at Fire Stations #4 and #6, replacing the flooring at Fire Stations #6 and #7, and leveling/securing Fire Station #8; and (4) \$12,000 to install RV connections at the Auditorium to be used by entertainers performing in the Auditorium.

**Services:**

The budget for Services shows a reduction of \$131,556, or 1.82% less than the prior adopted budget. The City has signed a new five-year agreement through the Texas Coalition for Affordable Power Program (TCAP) that significantly lowers the energy prices for its electricity services. This new rate takes effect in January 2018. In the General Fund alone, this new power contract is projected to save the City approximately \$417,000. However, this savings is offset, partially, due to rising Central Garage Service Charges that are assessed to General Fund user departments for fuel and maintenance of their fleet. There is also \$15,000 of a total \$45,000 budget included in the General Fund to contract with a risk management consulting firm to provide technical expertise in Risk/Safety, Clams Advocacy, Brokerage, and Benchmarking and Analysis. The remaining \$30,000 budget for these services is equally accounted for in the Water/Sewer and Sanitation Funds.

**Insurance and Contracts:** The increase of \$108,070 in the Insurance/Contracts Category is almost entirely related to costs associated with the City's Self-Insured Worker's Compensation Program. This projection is based on recent claims that have been filed or approved by the City's third party administrator.

**Capital Improvements:** Although the General Fund budget for capital improvements has remained relatively unchanged from the prior year, it should be noted that the 2017-18 budget includes \$71,000 in Street Light purchases to replace 150 street lights on the Lloyd Ruby Overpass with LED lights. There is also a need to increase the funding for traffic control systems because TS1 control cabinets are no longer manufactured, forcing the City to move to TS2 specifications at higher prices. These two increases, are mostly offset by reduction in the Street Maintenance Budget because the prior budget included \$90,000 for a backhoe and trailer as part of a staff reduction measure.

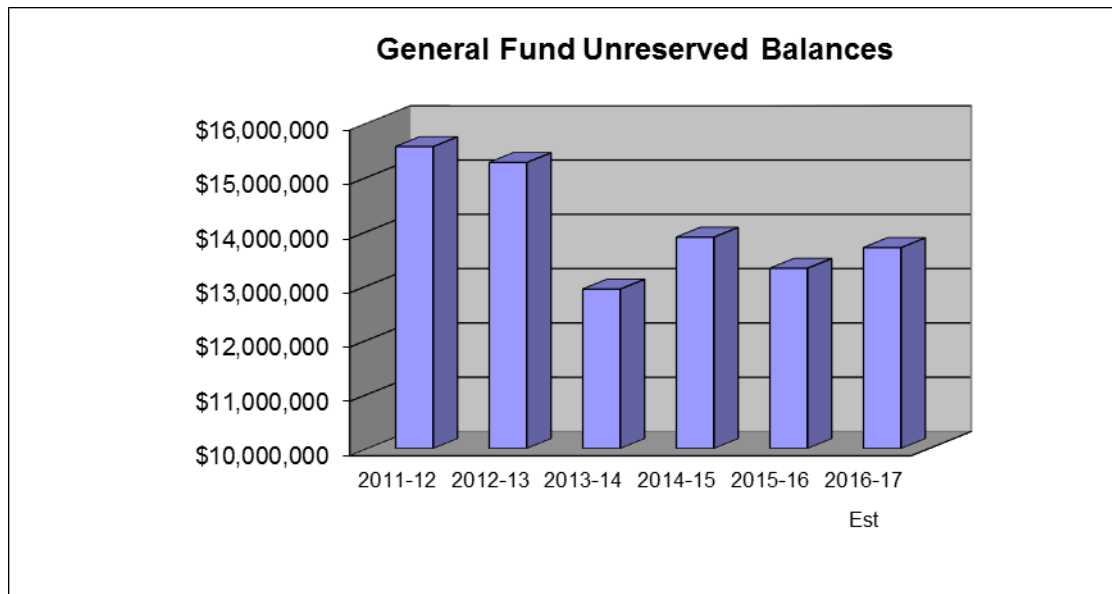
**Other Fund Transfers:** The General Fund budget for operating transfers to other funds shows an increase of \$148,048 or 4.11% primarily because the amount budgeted for IT internal support services has increased to cover price increases with various software vendors and the addition of iPads and Strategic Goal Tracking Software.

## **GENERAL FUND RESERVE APPROPRIATIONS**

The City maintains reserves in the General Fund to be used for major emergencies such as a widespread tornado, large legal liabilities or important one-time expenditures. The Government Finance Officer's Association recommends maintaining a fund balance in the General Fund between 15 to 25% of the annual operational cost of the fund. The City's fund balance policy established a goal of maintaining 20% of expenditures in General Fund Reserves, which at present would be \$15.1 million.

However, with poorly performing sales taxes, and the need to transfer \$1.9 million of these reserves to the Information Technology Fund a few years ago for the replacement of the Public Safety Radio System, the unreserved fund balance is estimated to \$13.7 million at the end of the 2016-17 fiscal year. As a result, General Fund Reserves are not at levels to finance any one-time capital improvements.

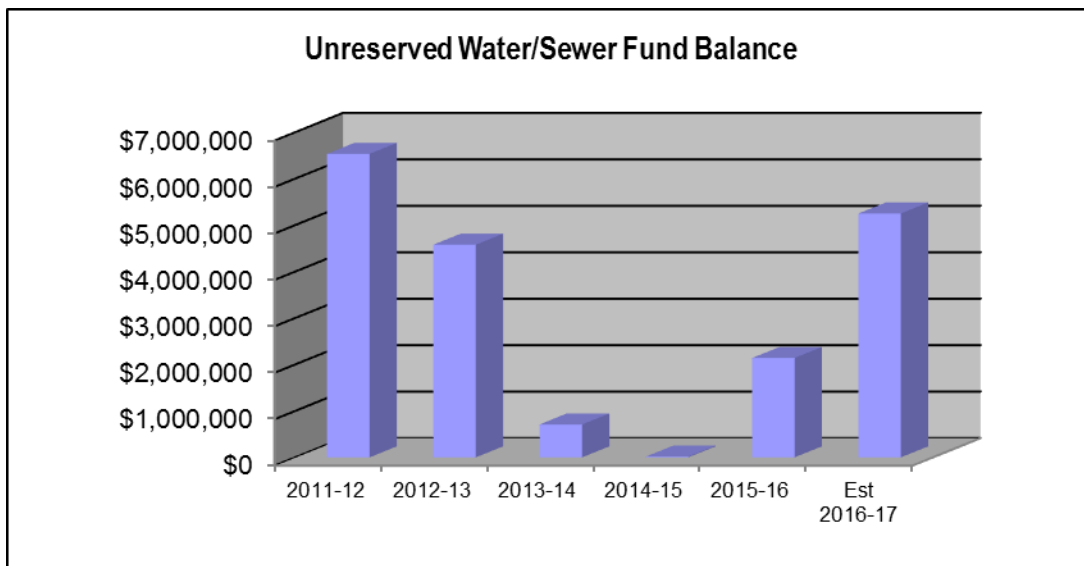
The chart below shows a six-year history of General Fund reserve balances. As mentioned above, General Fund reserves have been relied upon over the last few years for significant one-time capital improvements, reducing unreserved fund balances slightly below desired levels.



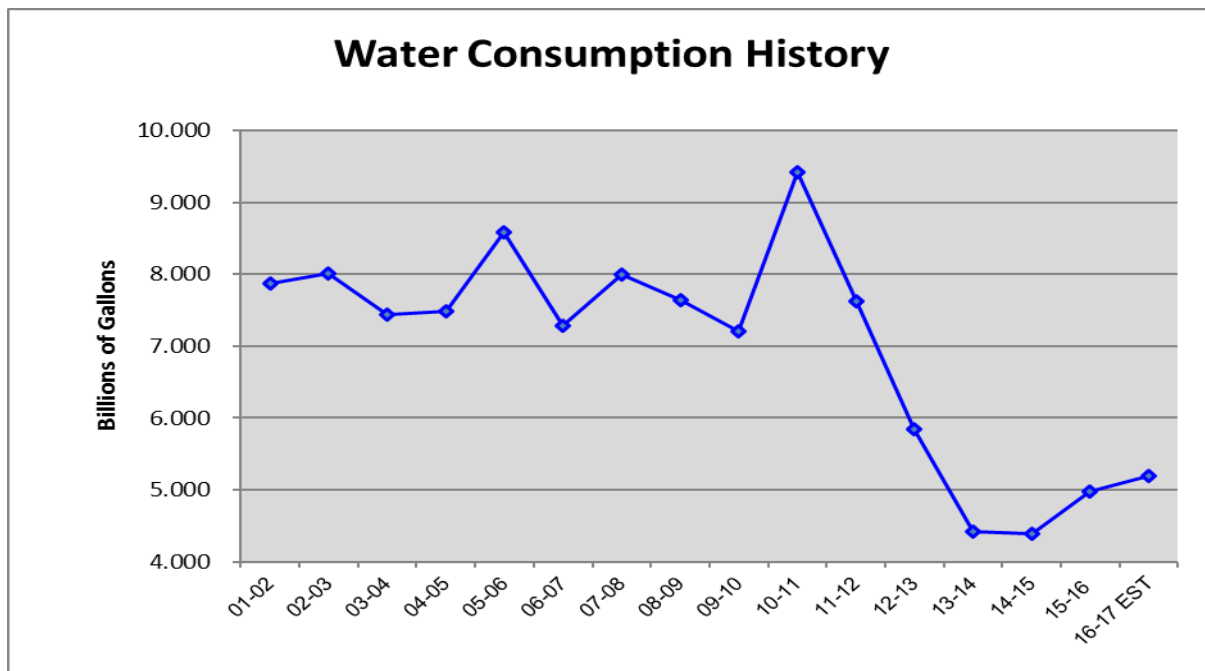
### **WATER/SEWER SYSTEM FUND**

The Water/Sewer System Fund has begun to show improvement over the last two years since the end of the drought of record. Although water production dropped to historic lows of 4.4 billion gallons in 2014-15, water rate increases that were approved in September 2014, along with slightly rising consumption, has allowed the City to replenish its Water/Sewer Fund reserves to approximately \$5.2 million. The City's fund balance policy sets our goal of retaining 17% of operating costs in reserve (not including debt expenditures), which is approximately \$5.1 million. This position is much improved, and is a significant relief, as we were at extremely low reserves in 2014-15 at the peak of the drought. In fact, our water revenue bond rating was lowered by one level when we issued bonds for the Direct Potable Reuse Project four years ago principally because of these low balances. We are optimistic that this credit rating will be reinstated the next time we are reviewed by Standard & Poor's and Moody's Rating Agency, assuming we maintain this level of unreserved fund balance.





The line graph below shows historical water consumption since 2001. As can be seen, prior to the drought that hit in 2011, we were averaging about 7.6 billion gallons of water produced. However, without substantial population growth, we don't anticipate that water production will ever again reach those production levels. We have seen a modest increase in demand over the last two years since water restrictions were removed, but nowhere near pre-drought levels. It is estimated that water production will end the 2016-17 fiscal year at about 5.2 billion gallons produced, which is the amount used to project revenues for the 2017-18 budget.



Revenues for the Water/Sewer System Fund are budgeted at \$42,588,597, which is an increase of \$747,516, or 1.79% from the prior year adopted budget. The budget anticipates 5.2 billion gallons produced compared to 5.1 billion gallons in the prior year budget (1.96% increase). In addition, revenues have been adjusted by nearly \$400,000

to reflect additional revenue anticipated from the new Advanced Metering Infrastructure (AMI) Project that is now fully operational.

It should be noted, however, that the amount of this revenue increase would have been larger, but a recent rate study for our 15 wholesale water customers indicates that their rates should be lowered on average by 12%. This rate reduction is expected to lower revenue by approximately \$400,000 based on current usage patterns. The results of that study showed that there were three primary issues causing the decline in the cost of service in this year's wholesale customer rate study: (1) the rate of return on our investment in their system has dropped from 4.09% in the prior study to 3.38% in this study resulting from less outstanding debt and recent debt refinancing at lower interest rates; (2) the retail customer base (Wichita Falls customers) increased its usage, while the wholesale customer's usage remained about the same; and (3) our O/M expenses were about \$700,000 less than the prior year due to lower chemical expenses and power costs. This rate adjustment is required by contract.

<b>Water/Sewer Fund Revenues</b>				
Revenue Source	2016-17 Budget	2017-18 Budget	Amount Change	% Change
Water/Sewer Charges	\$ 40,644,581	\$ 41,380,097	\$ 735,516	1.81%
Other Service Charges	\$ 1,021,500	\$ 980,500	\$ (41,000)	-4.01%
Miscellaneous Revenue	\$ 175,000	\$ 228,000	\$ 53,000	30.29%
Total Expenditures	\$ 41,841,081	\$ 42,588,597	\$ 747,516	1.79%

This budget maintains the same water/sewer rates that have been in place since September 2014. At that time, the City was required to increase the rates substantially to address much lower water demand due to the drought, annual debt service for the Indirect Potable Reuse Project, replenish reserve fund balances, and begin addressing a future water supply project at Lake Ringgold. When this rate increase was adopted, there were concerns that our rates were fairly high when compared to our peer cities. However, now that these rates have remained the same for three years, our utility bills for water and sewer services combined appear to be on average with our peer cities. The survey of water and sewer rates that is conducted annually by the Texas Municipal League is provided below.

Water/Sewer Combined Rate Survey 2017					
Population Group	# of Cities Reporting	5,000 Gal. (6.68 Units)	10,000 Gal. (13.37 Units)	50,000 Gal. (66.84 Units)	200,000 Gal. (267.38 Units)
2,000 OR Less	256	\$ 68.70	\$ 101.31	\$ 487.42	\$ 1,838.05
2,001 - 5,000	135	\$ 68.84	\$ 103.51	\$ 512.19	\$ 1,930.54
5,001 - 10,000	88	\$ 62.86	\$ 94.66	\$ 489.18	\$ 1,710.00
10,001 - 15,000	38	\$ 61.65	\$ 99.29	\$ 493.67	\$ 1,825.02
15,001 - 20,000	34	\$ 60.31	\$ 94.04	\$ 459.80	\$ 1,701.36
20,001 - 25,000	13	\$ 74.33	\$ 114.11	\$ 529.51	\$ 1,937.97
25,001 - 30,000	12	\$ 63.82	\$ 106.01	\$ 527.64	\$ 2,135.98
30,001 - 50,000	29	\$ 63.84	\$ 103.89	\$ 525.28	\$ 1,914.48
50,001 - 75,000	15	\$ 64.04	\$ 102.97	\$ 546.94	\$ 1,938.04
75,001 - 100,000	9	\$ 46.81	\$ 78.53	\$ 371.04	\$ 1,271.03
100,001 - 200,000	20	\$ 56.03	\$ 91.79	\$ 459.61	\$ 1,650.13
200,001 - 350,000	6	\$ 60.27	\$ 104.16	\$ 525.92	\$ 1,766.91
350,001 - 500,000	1	\$ 52.21	\$ 87.06	\$ 485.10	\$ 1,586.10
More Than 500,000	5	\$ 61.92	\$ 122.22	\$ 593.62	\$ 2,130.27
<b>Total / Averages</b>	661	\$ 66.16	\$ 100.71	\$ 495.92	\$ 1,835.56
<b>WF Rates</b>		\$ 62.24	\$ 99.66	\$ 488.80	\$ 1,621.85

The 2017-18 expenditure budget for the Water/Sewer System Fund is balanced with revenues of \$42,588,597, which is an increase of \$1,191,471, or 2.88% from the prior year adopted budget. The table below identifies the most notable areas of increase in this budget. As shown, Supply Accounts have risen \$686,638 to begin treating wastewater effluent of the Indirect Potable Reuse System and to purchase powder activated carbon to treat and control taste and odors in the water during algae blooms at the lakes. The budget also accounts for an increase of \$502,656 to make the first full annual payment on the AMI capital equipment lease. Finally, the budget shows a \$586,680 increase in the transfer made to the General Fund due to an increase from 3% to 4% for the “franchise fee” that is charged to the Water/Sewer Utility for use of the City’s right-of-ways. The budget increase would have been larger, but the new power agreement substantially lowers electricity prices to operate other system facilities.

Water/Sewer Fund Expenditures				
Expenditures	2016-17 Budget	2017-18 Budget	Amount Change	% Change
Personnel	\$ 10,033,536	\$ 9,998,380	\$ (35,156)	-0.35%
Supplies	\$ 2,278,435	\$ 2,965,073	\$ 686,638	30.14%
Maintenance	\$ 1,674,185	\$ 1,605,043	\$ (69,142)	-4.13%
Services	\$ 5,106,372	\$ 4,480,790	\$ (625,582)	-12.25%
Insur/Contracts	\$ 831,860	\$ 920,894	\$ 89,034	10.70%
Capital Improvements	\$ 5,574,429	\$ 5,684,865	\$ 110,436	1.98%
Debt Expenditures	\$ 12,716,425	\$ 12,619,646	\$ (96,779)	-0.76%
AMI Lease Payment	\$ 500,167	\$ 1,002,823	\$ 502,656	100.50%
Other Fund Transfers	\$ 2,257,149	\$ 2,843,829	\$ 586,680	25.99%
Other Misc Expenditures	\$ 424,568	\$ 467,254	\$ 42,686	10.05%
<b>Total Expenditures</b>	\$ 41,397,126	\$ 42,588,597	\$ 1,191,471	2.88%

It should also be noted that the Capital Improvement Account includes \$950,000 to construct a new office building for the Wastewater Collection and Rehabilitation operation in-lieu of \$1 million of annual sewer line rehabilitation. This \$1 million sewer line rehabilitation project is planned to be funded in 2017-18 with leftover bond funds that were issued for the Indirect Potable Reuse Project.

## **SANITATION FUND**

The Sanitation Fund accounts for all of the City's business activity related to the collection of solid waste and composting materials, transfer of that waste to the centrally located transfer station where collection units transfer waste into much larger semi-trucks, transportation of that waste to the landfill for disposal, and daily operation of the landfill.

Revenues for the Sanitation Fund are made up of the monthly refuse collection charge (87%), landfill tonnage fees (11%), and other miscellaneous charges (2%). At the current sanitation collection and disposal rates, revenues are sufficient to finance the operating budget outlined below. As a result, there is no need to increase our sanitation rates at this time. That may change, however, if upcoming air emission tests at our landfill show that we no longer meet new EPA rules regulating Non-Methane Organic Materials. Should the test results indicate that the City exceeds the lower emission levels, we could be faced with installation of a gas collection system that is estimated to cost \$4 million. If that were to occur, the City would be faced with raising revenue through collection/disposal rates to address that issue.

The 2017-18 expenditure budget for the Sanitation Fund totals \$13,303,801, which is a reduction of \$30,992, or 0.23% less than the prior year adopted budget. There are principally two changes in this budget causing that change. First, Central Garage Charges have been increased by \$480,000 to account for significant cost increases associated with repairs to aging collection vehicles and large landfill equipment such as compactors, motor graders and dozers. This increase, however, has been offset by a reduction in Capital Improvements because the prior budget included \$340,000 to replace a motor grader and \$190,000 to replace two transfer trailers and one mower. The 2018-19 budget includes funds to replace 3 curbside and 2 alley collection units, which is consistent with annual replacement schedules.

Sanitation Fund Expenditures				
Expenditures	2016-17 Budget	2017-18 Budget	Amount Change	% Change
Personnel	\$ 4,346,088	\$ 4,388,441	\$ 42,353	0.97%
Supplies	\$ 354,152	\$ 354,243	\$ 91	0.03%
Maintenance	\$ 205,900	\$ 158,150	\$ (47,750)	-23.19%
Services	\$ 3,834,936	\$ 4,365,568	\$ 530,632	13.84%
Insur/Contracts	\$ 68,000	\$ 73,000	\$ 5,000	7.35%
Capital Improvements	\$ 2,506,000	\$ 1,946,500	\$ (559,500)	-22.33%
Transfers to General Fund	\$ 1,841,188	\$ 1,847,020	\$ 5,832	0.32%
Other Misc Expenditures	\$ 178,529	\$ 170,879	\$ (7,650)	-4.29%
Total Expenditures	\$ 13,334,793	\$ 13,303,801	\$ (30,992)	-0.23%

### STORM WATER UTILITY FUND

In 2000, the City Council authorized the establishment of a Storm Water Drainage Utility System. This system, which took effect on May 1, 2001, provides a funding mechanism for drainage improvements in the city as allowed under Chapter 402, Subchapter C of the Texas Local Government Code. The system is designed to assign a fair and equitable charge to the public for storm water drainage management services including capital improvements. The fee is based upon the impervious area of all real property, whereby each residential water customer is assessed for one Single Family Living Unit Equivalent (SFLUE), and each commercial customer pays a multiplier of the SFLUE based upon the impervious area of their property. The monthly fee for a SFLUE is \$5.00 and generates \$3.7 million annually for the operating and capital costs of this program.

The 2017-18 expenditure budget is \$4,999,207, which is \$3,460,069 more than the prior year adopted budget principally because this budget reflects \$3.5 million for Phase II of the Kemp/Monroe Drainage Project. Additionally, the budget includes \$290,000 to replace an aged street sweeper that is needed to comply with the TCEQ's MS4 permit that requires the City to perform certain storm water management best practices. Lastly, there is \$210,000 budgeted to replace two tractors, a flail mower, and brush hog that are used for drainage channel maintenance. It should be noted that the prior budget included \$600,000 of project funds for the design work on the Quail Creek Drainage Project. This project is the next large drainage improvement project and is expected to cost \$8 to \$10 million.

### OTHER FUND HIGHLIGHTS

#### **Fleet Maintenance Fund:**

The 2017-18 budget for the Fleet Maintenance Fund is \$9,822,499, which is \$738,493, or 8.13% above the prior year adopted budget. The primary reasons for this increase include: (1) a \$192,000 increase in the Fuel Account as prices have trended upward

over the last year; (2) a \$250,000 increase in the Vehicle Maintenance Account principally to pay for a major overhaul of a few expensive pieces of landfill equipment; (3) an increase of \$222,000 to account for the first of six annual lease/purchase payments for several new pieces of fire apparatus that were recently ordered through a capital leasing program; and (4) an increase of \$50,000 in the Worker's Compensation Account to cover anticipated costs for a large claim.

#### **Regional Airport Fund:**

Total operating revenues for the Regional Airport are budgeted at \$1,239,415, an increase of \$22,050, or 1.81% from the prior year adopted budget. Revenue increases are principally being derived from the rental car agencies through Customer Facility Charges that have from been raised from \$3.00 to \$5.00 per day for each car rented at the airport. The rental car companies are also required to pay \$2.00 per day for each public parking space consumed by their operations. There is also some increase in revenue expected from charter flights as the number of those flights has increased over the prior year. However, some of these revenue increases are offset due to a \$40,000 reduction in projected parking meter revenue as we gain some history of parking lot use after recent price increases.

The expenditure budget for the Regional Airport totals \$1,350,642, which is \$34,679, or 2.64% above the prior adopted budget. Much of this increase is due to adjustments in spending for clerical staffing to adequately provide customer service support at the airport 7 days per week. The maintenance budget has also increased approximately \$18,400 to begin reflecting maintenance costs for various pieces of equipment at the new terminal that are no longer under warranty. Nearly \$13,000 of this increase is offset by a reduction in the Electricity Services Account due to more favorable energy prices. It should also be noted that approximately \$671,000 of this budget is dedicated to pay the annual debt service costs for the new airport terminal, which will be retired in sixteen years. This large debt service burden causes an operating loss of \$111,227 in the Regional Airport Fund, which continues to be covered by transferring all of the \$90,230 of operating profits at Kickapoo Airport and \$20,997 of General Funds to this fund.

#### **Kickapoo Airport Fund:**

The revenue budget for Kickapoo Airport is \$1,051,434, which is \$100,444, or 10.56% above last year's budget. This increase is principally due to higher prices and quantities of fuel sales at the airport. Expenditures for the Kickapoo Airport total \$961,204, which is an increase of \$59,849, or 6.64% from the prior year adopted budget. The fuel expense account alone has been increased by \$58,000 to account for higher prices and quantities used. The anticipated profit of \$90,230 is budgeted to be transferred to the Regional Airport Fund to help offset the operating losses at Regional Airport. All other accounts remain relatively unchanged from the prior year.

#### **Transit Fund:**

In 2017-18, the total budget for the Transit System is at \$2,399,633, which is a reduction of \$84,370, or 3.40% less than the prior year adopted budget. Of the total budget, \$2,290,865, or 95.47% of the cost of the Transit System is expected to be funded with Federal and State Grants and system operating revenues from passenger fees, advertising sales, Transit Hub Operations, and a contract with MSU. The remaining \$108,768, or 4.53%, is supported by the General Fund. The budget

earmarks \$280,000 of FTA funds for parking, routing and shelter improvements for the bus system located at the entrance to Sheppard Air Force Base as part of the perimeter base security project. The prior budget included \$300,000 for this project. The Wichita Falls Economic Development Corporation has agreed to pay the remaining costs for the project.

#### **Hotel/Motel Tax Fund:**

Revenues from the Hotel/Motel Occupancy Tax are projected at \$1,865,000, or 4.19% above the 2016-17 Adopted Budget. Expenditures are balanced with revenues. A total of \$1,212,495 is expected to be used to cover the operating subsidy for the Multi-Purpose Events Center (MPEC) and the Memorial Auditorium. This operating subsidy amount is based on our current management agreement with Spectra Venue Management. Other expenditure items in the Hotel/Motel Fund include \$555,005 for the operations of the City's Convention and Visitor's Bureau, and continued funding for a few outside agency programs. Funding is provided for support of the Wichita Falls Alliance for Arts & Culture (\$82,000), River Bend Nature Works (\$9,000), and the Fantasy of Lights Basketball Tournament (\$6,500).

#### **Multi-Purpose Events Center Fund:**

The Multi-Purpose Events Center (MPEC) consists of the Bridwell Agricultural Center, Ray Clymer Exhibit Hall, Kay Yeager Coliseum, and the Memorial Auditorium. Prior to the 2016-17 fiscal year, these facilities were managed by the City as an internal City department. However, effective October 1, 2016, the City contracted with Spectra Venue Management to assume the day-to-day oversight and management of the facilities. Spectra is responsible for promoting and recruiting entertainment events to Wichita Falls, and operation and maintenance of the four facilities. The Convention and Visitor's Bureau (CVB) continues to operate as a City Department and is responsible for promoting and recruiting conventions and other tourism activities to Wichita Falls. The CVB leases office space in the Ray Clymer Exhibit Hall.

The 2016-17 budget for MPEC was prepared prior to receiving and approving a budget from Spectra and was loosely based on revenue and expenditure amounts when the City was managing the facilities. As a result, there are significant accounting differences reflected in the various budget units of the operation making it difficult to compare on a line item basis to the prior year. However, the total expenditure budget for MPEC is \$2,819,565. Revenues from events and other facility income totals \$1,367,074, resulting in an operating subsidy of \$1,452,491. This subsidy is anticipated to be paid for with \$1,212,495 of Hotel/Motel Occupancy Taxes and \$239,996 of General Fund. That subsidy is slightly less than the amount required the final two years that the City managed the facilities.

The 2017-18 budget for the CVB totals \$590,005, which represents a reduction of \$28,239, or 4.57% less than the prior year. This reduction is entirely due to lower personnel service expenses because the prior budget included 75% of one full-time equivalent position that is no longer accounted for in the CVB budget. Additionally, the budget no longer accounts for \$8,200 of electricity expenses, which is fully paid through the contract with Spectra. All other accounts remain relatively unchanged from the prior year.

**Information Technology Fund:**

Expenditures for the Information Technology Fund are budgeted at \$2,673,899 in 2017-18, which is an increase of \$228,721, or 9.35% from the prior year adopted budget. The principal reasons for this increase include: (1) an increase of \$42,900 in Maintenance Accounts to cover price increases for various vendor application support contracts and the addition of annual maintenance for the City's new Strategic Goal Tracking Software; (2) an increase of \$70,000 in capital outlay to upgrade the City's Cisco Phone System; and (3) a transfer of \$100,000 to repay the General Fund for excess funds that were previously granted to the IT Fund to upgrade of the City's Public Safety Radio System.

However, it should be noted that the 2016-17 budget was revised substantially to account for \$838,253 to replace the City's Finance and HR software system and to repay the General Fund \$200,000 for excess funds previously granted for the Public Safety Radio System Project.

**Golf Course Fund:**

The Golf Course Budget is devised to align with our Management Services agreement with A.P.G.L. Under the terms of that agreement, the City is responsible for reimbursing A.P.G.L. for golf course expenses plus \$130,000 for management oversight of the course. In exchange, the City receives nearly all of the revenue at the course. The 2017-18 budget anticipates revenues to be \$750,000, which is slightly above the two prior year actual receipts, and the same as the prior year budgeted amount. The expenditure budget, however, totals \$865,000, which is a reduction of \$5,000 from the prior year due to lower anticipated electricity pricing. As a result, the General Fund subsidy needed for the golf course operation is projected to be \$115,000, or \$5,000 lower than the 2016-17 budget.

**Water Park Fund:**

This fund accounts for the operating revenues and expenditures related to Castaway Cove Water Park. Total revenues for this Enterprise Fund are estimated to be \$1,454,660 and total expenditures are budgeted at \$1,372,863, or an estimated net income of \$81,797. This net income is based on estimated attendance of 81,000 and may be slightly conservative. However, any net income that is generated at the park will remain in this Enterprise Fund for future improvements and repairs that are needed at the park.

**CONCLUSION**

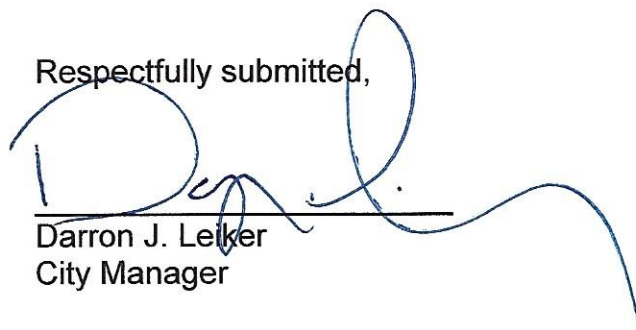
This 2017-18 adopted budget provides a clear and viable work plan for the upcoming fiscal year operation. Funds are provided for projects and programs that maintain critical services and enhance the overall quality of life of the city's residents and visitors.

The City's various department heads and their assistants or division heads were very helpful in the production of this budget. Particular appreciation goes to Jim Dockery, Deputy City Manager, and Susan White, Accounting and Budget Manager, for their overall leadership in the development of the document. I also want to thank all City employees who have worked hard to provide quality services to our citizens and who are committed to the success of our great City.



The City staff looks forward to working with the Mayor and City Council as we address the challenges of the coming year.

Respectfully submitted,

A handwritten signature in blue ink, consisting of a large loop followed by a series of smaller loops and a long horizontal stroke extending to the right.

---

Darron J. Leiker  
City Manager